

Message Text

UNCLASSIFIED

PAGE 01 JAKART 06713 311222Z

53

ACTION EA-14

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 INT-08 MMS-03 SS-20

PER-05 ABF-01 DRC-01 /126 W
----- 101143

R 310943Z MAY 74

FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 2605

UNCLAS JAKARTA 6713

E.O. 11652: N/A

TAGS: AFSP, ID

SUBJECT: FY 76 COMMERCIAL BUDGET

REF: STAE 06131

1. DRAMATIC BOOST IN INDONESIA'S FOREIGN EXCHANGE EARNINGS RESULTING PRIMARILY FROM OIL PRICE HIKES HAS LED TO VASTLY INCREASED U.S. EXPORT OPPORTUNITES IN THIS EMERGENT MARKET. INDONESIA'S TOTAL NON-OIL IMPORTS HAVE INCREASED BY ABOUT 80 PERCENT IN FY 74, AND SHOULD GROW BY ANOTHER 45 PERCENT IN FY 75 TO REACH \$3.8 BILLION. IMPORTS FROM U.S. INCREASED 43 PERCENT IN CY 73 TO RECORD \$441 MILLION. NEW POTENTIAL WAS UNDERLINED BY SUCCESS OF USAQUIP 74, WHICH GREATLY EXCEEDED EXPECTATIONS IN RINGING UP \$51 MILLION IN ACTUAL AND PROJECTED SALES OF HEAVY EQUIPMENT. STILL MORE OPPORTUNITIES FOR U.S. INVESTMENT AS WELL AS EXPORTS OF GOODS AND SERVICES WILL FLOW FROM SECOND FIVE YEAR DEVELOPMENT PROGRAM (1974-78), WHICH CONTEMPLATES MAJOR BUT STILL UNDEFINED INVESTMENTS IN TRANSPORTATION, TELECOMMUNICATIONS, OIL-RELATED PROJECTS, PETROCHEMICALS, WOOD PROCESSING, SUGAR, HOUSING, ELECTRIC POWER, ETC.

2. TO TAKE FULLEST ADVANTAGE THESE OPPORTUNITES AND MAXIMIZE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 JAKART 06713 311222Z

RECAPTURE PETRODOLLARS, STATE/COMMERCE HAVE JUST DESIGNATED

INDONESIA S COUNTRY COMMERCIAL PROGRAM COUNTRY. MISSION-
WASHINGTON DIALOGUE HAS BEGUN WITH VIEW TO WORKING UP AGGRESSIVE,
OUTREACHING PROGRAM BUILT AROUND MAJOR-PROJECT STRATEGY.

3. OVER PAST YEAR E/CM SECTION HAS CRITICALLY REVIEWED
OPERATIONS, CUTTING MARGINAL SERVICES TO PERMIT INCREASED
ATTENTION TO
HIGHER PAYOFF ACTIVITIES, (ESPECIALLY MAJOR PROJECTS) AND CON-
TRACTING OUT OTHER SERVICES ON SELF-SUPPORTING BASIS. CCP
OBJECTIVE TARGET MAJOR PROJECT ACTIVITY TO PURSUE SOME DOZEN
MAJOR PROJECTS
AND SECTOR DEVELOPMENTS EACH INVOLVING ON AVERAGE HUNDREDS
OF MILLIONS OF DOLLARS OF EXPORT OPPORTUNITIES MOSTLY REPRE-
SENTING NET EXPANSION OVER FY 1973. RATHER THAN PROVIDE DETAILED
JUSTIFICATION EXISTING POSITIONS REQUESTED REFTEL PARA 2,
EMBASSY PREFERS TO BASE JUSTIFICATION OF FACT THAT WITH EXISTING
STAFF PLUS ONE FSL REPLACE-
MENT POSITION AND ONE NEW FSL POSITION, SUPPORTED BY ADDITIONAL
CONTRACT AND OTHER FUNDS REQUESTED, EMBASSY UNDERTAKING MAJOR
EXPANSION OF TRADE PROMOTION PROGRAMS AIMED AT RECAPTURING
MAJOR PORTION OF PROJECTED \$700 MILLION DEFICIT U.S. TRADE
BALANCE WITH INDONESIA IN FY 75. TOTAL EXPANDED EXPORT RETURN
WE EXPECT FROM THESE
BUDGET INCREASES OF ROUGHLY \$100,000 (ABOUT ONE SIXTH OF WHAT
AUSTRALIAN GOVERNMENT SPENT ON ONE MAJOR EXHIBIT IN JAKARTA
THIS YEAR) THOROUGHLY JUSTIFY REQUESTS MADE.

4. HEIGHTENED INTEREST BY U.S. BUSINESS IN INDONSIA, WHERE
PUBLIC SOURCES OF INFORMATION VERY POOR, IS RESULTING IN
GROWING COMMERCIAL WORKLOADS. THE FOLLOWING ESTIMATES ARE FOR
THE CURRENT FISCAL YAR. EXCEPT FOR WTDR'S AND ADS, WHICH SHOULD
DECLINE AS RESULT INCREASED FEES, WE HAVE EXPERIENCED AND EXPECT
MINIMUM 10-15 PERCENT AVERAGE ANNUAL INCREASES IN THESE FIGURES.

WTDR	400	
ADS	75	
TRADE INQUIRES	500	
BUSINESS VISITORS	3000	
COMMERCIAL LIBRARY VISITORS	2000	
TELEPHONE INQUIRES	10000	

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 JAKART 06713 311222Z

5. FIRST OF SECTION'S TWO MOST PRESSING BUDGETARY
NEEDS IS FOR CONTINUATION FSL WHO BEING TERMINATED AT
END CURRENT FY. (EMBASSY BUDGETED FOR THIS TOSITION IN
FY 75 BUT POSITION DENIED BY OMB.) ON JUNE 30, 1974,
USAID WILL TERMINATE FUNDING OF THIS FSL WHO HAS BEEN
SECONDED TO EMBASSY SINCE 1970 TO PERFORM ESSENTIAL
TAKS IN CONNECTION INVESTMENT GUARANTEE PROGRAM --

FORMERLY UNDER AID, SINCE 1971 UNDER OPIC. VOLUME AND IMPORTANCE OF OPIC WORK HAS CONTINUED AT 1971 LEVEL. IN ADDITION THIS FSL HAS MAINTAINED DAILY WATCH ON WORK OF FOREIGN INVESTMENT BOARD AND EACH QUARTER PREPARED AN EXTENSIVE AND VITAL REPORT ON FOREIGN AND DOMESTIC INVESTMENTS IN INDONESIA. HE HAS ALSO PERFORMED IMPORTANT TRANSLATIONS, CONTACTS WITH GOI OFFICIALS, AND OTHER FUNCTIONS. A CARDINAL OBJECTIVE OF EMBASSY'S PROPOSED CCP ENTAILS SHIFTING MORE OF COMMERCIAL SERVICES WORKLOAD TO FSL STAFF. IT WILL BE DIFFICULT OR IMPOSSIBLE TO MEET THIS AND OTHER OBJECTIVES IF OUR FSL STAFF IS REDUCED. QUESTIONS CONCERNING RESPONSIBILITY FOR FUNDING THE USAID-SUPPORTEDDD POSITION WERE RAISED IN JAKARTA'S 4602, TO WHICH THE DEPARTMENT HAS NOT YET REPLIED. FUNDS MUST BE FOUND IF THE SECTION IS NOT BE SERIOUSLY HAMPERED IN ITS WORK.

6. SECOND AND EQUALLY PRESSING NEED IS FOR ADDITIONAL FSS SECRETARIAL POSITION. THERE ARE EIGHT AMERICAN OFFICERS AND THREE FSS SECRETARIES IN THE SECTION, PLUS ONE TCN RECEPTIONIST-TYPIST. COMMUNICATIONS IN JAKARTA ARE NOTORIOUSLY POOR AND TIME-CONSUMING. BECAUSE OF REPEATED INTERRUPTIONS FROM THE GREAT AND GROWING NUMBER OF VISITORS AND TELEPHONE CALLS (PARA 3 ABOVE), THE SECTION HAS BEEN UNABLE TO PERFORM ALL ITS OFFICE AND SECRETARIAL FUNCTIONS WITHOUT SUBSTANTIAL OVERTIME. THE EXISTING SITUATION, WHICH ALLOWS PRACTICALLY NO LEEWAY FOR ABSENCES, IS WORSENING BECAUSE OF INCREASING WORKLOADS AND WILL BE CRITICAL BY FY 76.

7. FOLLOWING ARE ESTIMATES REQUESTED PARA 4 REFTEL. THEY COVER ALL SECTIONS OF EMBASSY AND INCLUDE PRORATED PORTIONS OF MULTIPURPOSE ACTIVITIES. FY 75 AND 76
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 JAKART 06713 311222Z

ESTIMATES ARE CONSERVATIVE. THEY INCLUDE 5 PERCENT INCREASE IN EAL ACTIVITY AND 20 PERCENT FOR PRICE INFLATION (CURRENT LOCAL INFLATION RATE IS 50 PERCENT; 20 PERCENT IS ANNOUNCED TARGET OF GOI STABILIZATION EFFORTS). "CONTRACT SERVICES" FIGURE INCLUDES \$5,000 FOR WTDRS, \$10,500 FOR 6-8 BRIEF MARKET SURVEYS, AND \$10,000 FOR ONE MAJOR MARKET RESEARCH PROJECT. SECTION NOW CONTRACTS OUT ABOUT \$1,500 OF WORK PER YEAR ON SELF-SUPPORTING BASIS; THIS (WHICH WILL INCREASE) IS NOT SHOWN. NEWSLETTER, WHICH BADLY NEEDED, WOULD BE CONTRACTED OUT.

FY 74 FY 75 FY 76

REPRESENTATION \$1,750 \$2,187 \$2,737

LIBRARY \$5,111 \$6,389 \$7,986

TRAVEL \$1,272 \$1,590 2,500#

CONTRACT SERVICES -- -- \$25,500

NEWSLETTER -- -- \$2,400

#PURSUIT MAJOR PROJECT OPPORTUNITES REQUIRES SUBSTANTIAL TRAVEL
BUDGET INCREASE SINCE INFORMATION ON OPPORTUNITES FREQUENTLY
OBTAINABLE ONLY AT REMOTE PROJECT SITES.
NEWSOM

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 31 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974JAKART06713
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740138-0033
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974054/aaaaacwb.tel
Line Count: 180
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STAE 06131
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 05 NOV 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 NOV 2002 by boyleja>; APPROVED <05-Nov-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FY 76 COMMERCIAL BUDGET
TAGS: AFSP, ID
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005